

OCT 26 2001

DEPT. OF INSURANCE
BY CB

STATE OF ARIZONA
DEPARTMENT OF INSURANCE

In the Matter of:

**THE MEGA LIFE AND HEALTH INSURANCE
COMPANY (NAIC No. 97055)**

Respondent.

No. 01A-246 - INS

CONSENT ORDER

The State of Arizona Department of Insurance ("Department"), has received evidence that The MEGA Life and Health Insurance Company, NAIC No. 97055 ("Respondent") violated provisions of Title 20, Arizona Revised Statutes. Respondent wishes to resolve this matter without the commencement of formal proceedings, and admits the following Findings of Fact are true and consents to entry of the following Conclusions of Law and Order.

FINDINGS OF FACT

1. The MEGA Life and Health Insurance Company ("Respondent") is, and was at all material times, authorized to transact life and disability insurance in the State of Arizona pursuant to a Certificate of Authority issued by the Director.

2. Respondent offers health insurance to self-employed individuals in Arizona.

3. From January 18, 2001 through June 2001, Respondent mailed an advertisement letter to 55,291 Arizona residents.

4. The advertisement included the following statements: "\$2 million lifetime maximum benefit per insured family member for all injuries or sickness," "Flexible plan options to match specific coverage needs and/or budgetary restrictions," and "No restrictions on doctors, hospitals or other service providers."

5. The advertisement did not disclose any exceptions, restrictions or limitations.

6. Respondent represents that the disclosure of exclusions and limitations was inadvertently dropped from the advertisement when Respondent changed printing companies in January 2001.

CONCLUSIONS OF LAW

1. The Director has jurisdiction over this matter.

2. Respondent's conduct constitutes the failure to disclose exceptions, reductions and limitations affecting the basic provisions of the policy, within the meaning of A.A.C. R20-6-201(C)(2).

3. Grounds exist for the Director to impose a civil penalty, order restitution and/or order Respondent to cease and desist pursuant to A.R.S. §20-456.

ORDER

IT IS HEREBY ORDERED THAT:

1. Respondent and its agent and employees shall immediately cease and desist from making, publishing, disseminating, circulating or placing before the public any advertisement or statement with respect to the business of insurance which is untrue, deceptive or misleading.

2. Respondent shall pay a civil penalty of two thousand five hundred dollars (\$2,500) to the Director payable upon the entry of this Order for remission to the State Treasurer for deposit in the State General Fund.

DATED AND EFFECTIVE this 15 day of October, 2001.

Chahles

CHARLES R. COHEN
Director of Insurance

CONSENT TO ORDER

1. Respondent has reviewed the foregoing Findings of Fact, Conclusions of Law and Order.

2. Respondent admits the jurisdiction of the Director of Insurance, State of Arizona, and admits the foregoing Findings of Fact and consents to the entry of the foregoing Conclusions of Law and Order.

3. Respondent is aware of its right to notice and a hearing at which it may be represented by counsel, present evidence and examine witnesses. Respondent irrevocably waives its right to such notice and hearing and to any court appeals relating to this Consent Order.

4. Respondent states that no promise of any kind or nature whatsoever, except as expressly contained in this Consent Order, was made to it to induce it to enter into this Consent Order and that it has entered into this Consent Order voluntarily.

5. Respondent acknowledges that the acceptance of this Consent Order by the Director is solely to settle this matter against it and does not preclude any other agency, officer, or subdivision of this state from instituting civil or criminal proceedings as may be appropriate now or in the future.

10/16/01

Date



The MEGA Life and Health Insurance Company,
NAIC No. 97055

By Its



COPIES of the foregoing mailed/delivered
this 26th day of October, 2001, to:

The MEGA Life & Health Insurance Company
4001 McEwen Road, Suite 200
Dallas, TX 75244

The MEGA Life & Health Insurance Company
Insurance Center
9151 Grapevine Highway
North Richland Hills, Texas 76180

1 Sara M. Begley, Deputy Director
Gerrie L. Marks, Executive Assistant for Regulatory Affairs
2 Mary Butterfield, Assistant Director
Alexandra Shafer, Assistant Director
3 Catherine O'Neil Consumer Legal Affairs Officer
Arnie Sniegowski, Investigations Supervisor
4 Department of Insurance
2910 North 44th Street, 2nd Floor
5 Phoenix, Arizona 85018

6 
7 Curvey Walters Burton